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BUSINESS OUTLOOK

for West Michigan



W.E. Upjohn Institute for Employment Research
Vol. XXX, No. 1 March 2014

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BUSINESS OUTLOOK

for West Michigan

George A. Erickcek
Senior Regional Analyst

Benjamin C. Jones
Editor

Brian M. Pittelko
Regional Analyst

Sue A. Berkebile
Production Coordinator

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EMPLOYERS ASSOCIATION OF WEST MICHIGAN



Muskegon Area First

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2014 and 2015 Employment Forecast for West Michigan

by George A. Erickcek

You can chalk 2013 up as another robust employment year for the six metropolitan areas of west Michigan. Total employment increased by 2.3 percent, a gain of 19,000 jobs, matching the same gain reported in 2012. In total, employment levels in the six metropolitan areas have fully recovered from the Great Recession, which started in December of 2007 and ended in June of 2009. In contrast, the nation is still 1.1 million jobs short of where it was when the recession hit. It is important to note that west Michigan's full recovery is due to the robust job growth in the Grand Rapids–Wyoming and Holland–Grand Haven MSAs; employment in the other four MSAs has not yet recovered from the recession. Moreover, while employment in the areas' health and education, professional and business services, and leisure and hospitality sectors reached new highs in 2013, employment in construction, manufacturing, government, and the "other service" sector has not yet recovered in any of the MSAs.

We are forecasting that employment in the region will continue to expand by 2.0 percent in 2014 and by an additional 2.1 percent in 2015. Employment in the region's goods-producing sector is forecast to increase in 2014 by 2.2 percent, while employment in the region's larger service-providing sector is expected to increase by 2.4 percent. Government employment is expected to remain flat for the next two years.

As always, before turning to the employment forecasts for each of the metropolitan areas, we review last year's forecast, which was too pessimistic. We predicted that employment in the six metro areas would increase by only 1.3 percent in 2013. The major source of our error was our underestimation of the robust employment growth in the Grand Rapids–Wyoming MSA and the Muskegon–Norton Shores MSA.

Last Year's Forecast vs. Actual Performance
(% change)

	Forecast 2013	Actual 2013	Forecast Error
Battle Creek	1.4	1.2	0.2
Grand Rapids–Wyoming MSA	1.2	3.1	-1.9
Holland–Grand Haven MSA	2.3	2.5	-0.2
Kalamazoo–Portage MSA	1.1	1.3	-0.2
Muskegon–Norton Shores MSA	1.1	2.7	-1.6
Niles–Benton Harbor MSA	1.0	0.1	0.9
West Michigan	1.3	2.3	-1.0

Turning to 2014, we foresee that the auto industry will continue to power employment gains in the region's manufacturing. While there are some signs that the region's construction industry is on the mend, we do not expect to see significant hiring in the sector in 2014. In the region's service industries, we expect continued growth in professional and business services, leisure and hospitality, and—other than the region's major hospitals—in health care.

Our 2014 and 2015 employment forecasts for the individual metro areas are provided in the table below.

Regarding possible errors to the forecast, we believe we are more likely to be on the low side once again. There are growing signs that the region's construction sector is gaining steam, although we are still calling for only modest employment gains. The number of reports citing new residential and commercial projects is expanding, along with the concern that there is a shortage of skilled trade workers, as many may have left the industry. In addition, recent announcements regarding the hospitality and professional services sector suggest that our forecast may be too low in that sector as well. Finally, the overall national economy may grow faster than the 2.5 percent annualized rate that our model assumes, which would increase economic activity across the board. In short, 2014 looks like another good year.

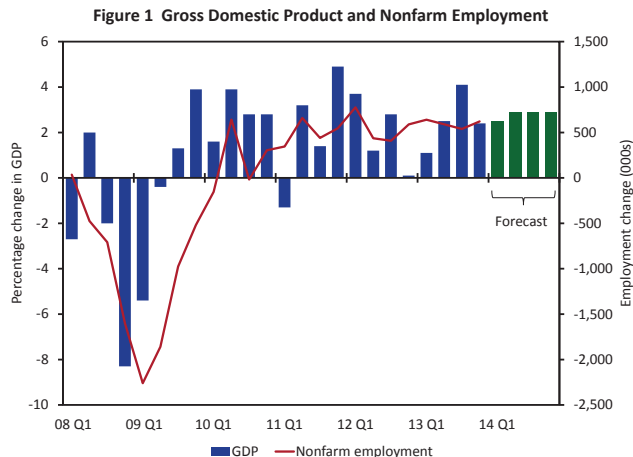
Employment Forecast for 2014 and 2015
(% change)

	Actual 2013	Forecast 2014	Forecast 2015
Battle Creek			
Total	1.2	1.5	1.4
Goods-producing	2.3	2.4	1.6
Services-providing	0.9	1.6	1.7
Government	0.8	-0.3	0.1
Grand Rapids–Wyoming MSA			
Total	3.1	2.6	2.5
Goods-producing	3.0	2.6	2.1
Services-providing	3.7	2.8	2.8
Government	-1.0	0.0	0.1
Holland–Grand Haven MSA			
Total	2.5	2.4	2.6
Goods-producing	2.2	2.5	2.7
Services-providing	2.9	2.8	3.0
Government	1.4	-0.2	0.4
Kalamazoo–Portage MSA			
Total	1.3	1.3	1.5
Goods-producing	0.7	0.7	0.7
Services-providing	1.9	1.7	2.0
Government	-1.0	-0.6	-0.4
Muskegon–Norton Shores MSA			
Total	2.7	1.6	1.9
Goods-producing	3.7	1.4	2.2
Services-providing	3.2	1.9	2.1
Government	-1.8	-0.3	0.0
Niles–Benton Harbor MSA			
Total	0.1	1.0	1.3
Goods-producing	-0.6	1.8	1.8
Services-providing	0.5	1.0	1.4
Government	-0.6	-0.3	-0.1
West Michigan			
Total	2.3	2.0	2.1
Goods-producing	2.3	2.2	2.0
Services-providing	2.9	2.4	2.4
Government	-0.5	-0.2	0.0

The Consumer Is Back

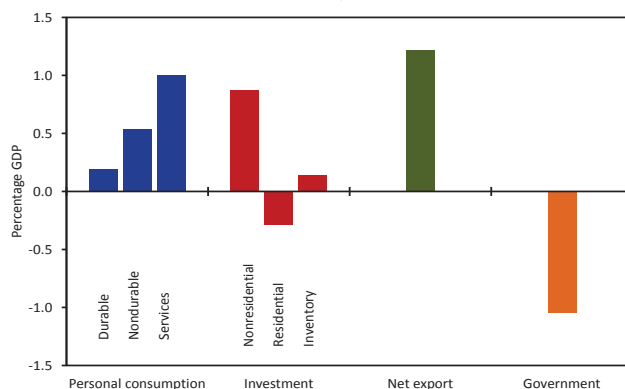
The national economy, measured by the Gross Domestic Product (GDP), grew at a moderate 2.4 percent average annual rate in the fourth quarter (Fig. 1). Many forecasters were predicting a lackluster quarter, thinking that businesses had to work down the strong buildup of inventories that had occurred in the previous quarter. However, consumers came to the rescue.

- Final sales of domestic product, which is GDP minus private inventories, increased at a 2.3 percent rate.



- Employment increased by 621,000 jobs during the fourth quarter, which was up from the 539,000-job increase reported in the third quarter. However only 188,000 jobs were created in December and January combined. The nation is still short 1.1 million jobs of reaching its prerecession levels.

Figure 2 Major Activity Contribution to GDP Change in Current Quarter

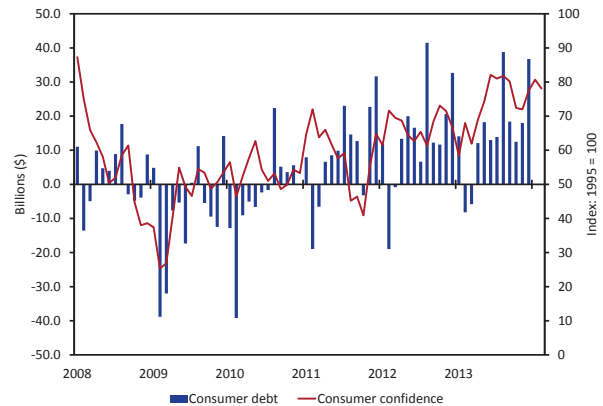


- The nation's manufacturing sector is still expanding, according to the January reading of the Institute of Supply Management's Purchasing Managers Index (PMI); however, it is doing so at a slower pace than in the previous month. Its January reading was down to 51.3, from 56.5 in December. Still, a reading of above 50 is associated with output growth, and harsh weather conditions likely dampened the January reading.
- The 45 national forecasters polled by the Philadelphia Federal Reserve are more upbeat than they were three months ago. Currently, the consensus forecast calls for GDP to grow by 2.8 percent in 2014 and by 3.1 percent in 2015.

Three months earlier, the consensus forecast predicted only a 2.6 percent increase in 2014 and a 2.8 percent increase in 2015 (Fig. 1).

Major contributors to the quarter's growth were consumers, who returned to the malls and restaurants, and a sharp increase in the nation's exports.

Figure 3 Consumer Confidence and Change in Consumer Debt

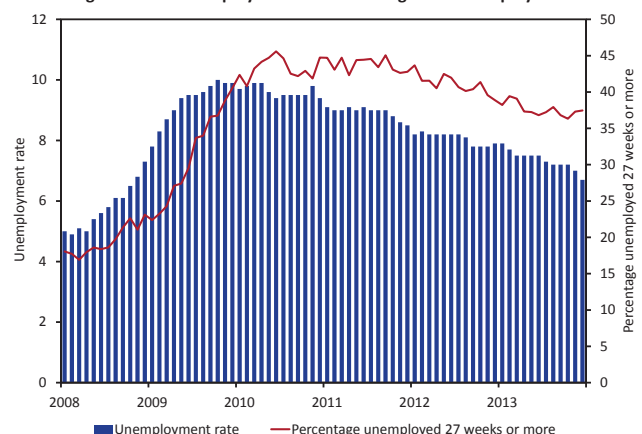


- Consumer spending increased at a 2.6 percent annual rate and contributed 1.73 percentage points to the quarter's GDP growth.
- Exports grew at a robust 9.4 percent annualized rate during the quarter, contributing 1.22 percentage points to the quarter's GDP growth.
- Business spending on structures, machinery, and software contributed 0.87 percentage points, and additions to existing inventories contributed only 0.14 percentage points.
- On the downside, the quarter's 5.6 percent annualized decline in government spending reduced GDP growth by 1.05 percentage points (Fig 2).

The increase in the quarter's consumer spending reflects consumers' growing confidence about current and future economic conditions.

- The Conference Board's Consumer Confidence Index increased in both December and January, but in February it retreated and now stands at 78.1.

Figure 4 U.S. Unemployment Rate and Long-Term Unemployment



- A similar trend was reported in the Thomson Reuters/University of Michigan's index. Its February reading was

81.2, which was well above its November reading of 72.

- During the fourth quarter, households added \$67 billion to their debt loads.

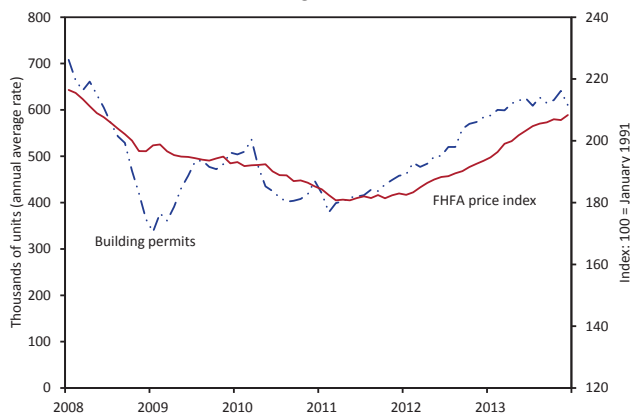
Consumers' confidence rose at the end of the year despite marginal employment gains. Still, the steady decline in the nation's unemployment rate should positively affect future expectations (Fig. 3).

- In January, the nation's unemployment rate dipped to 6.6 percent.
- Moreover, the nation's employment-to-population rate rose to 58.8 percent, its highest reading in more than a year.
- Still, 35.8 percent of the nation's unemployed workers had been without work for more than six months as of January (Fig. 4).

The nation's housing market continues to improve slowly.

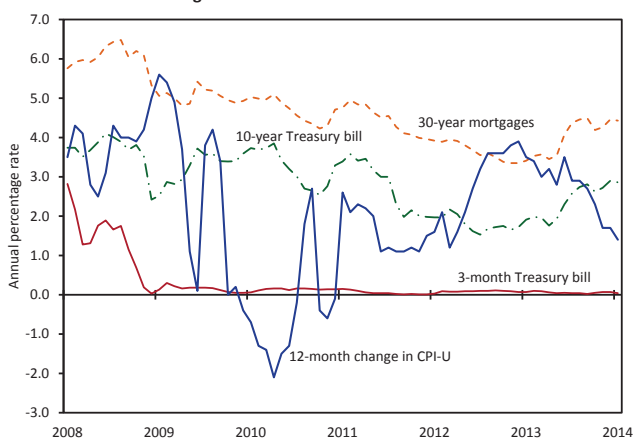
- Residential investment declined at an 8.7 percent annual rate in the fourth quarter, the first decline in three years. However, it is likely that unseasonably cold winter weather dampened housing activity (Fig. 5).

Figure 5 Single-Family Building Permits and Index of Existing Home Prices



- The November reading of the S&P/Case-Shiller 20-City Composite Home Price Index was up 13.7 percent from a year ago.
- In January, the number of foreclosures dropped by 18 percent from a year ago, according to RealtyTrac.

Figure 6 Interest Rates and Inflation

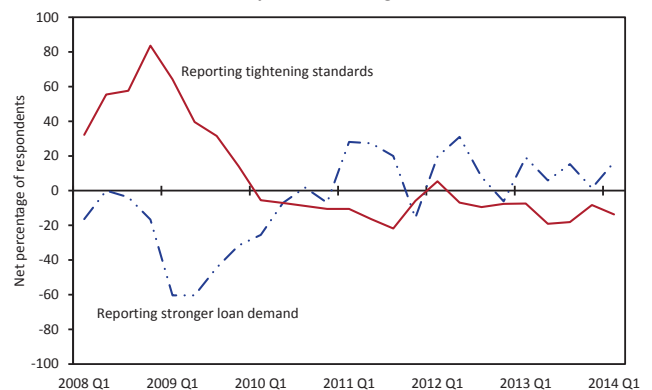


As Ben Bernanke's term ends and Janet Yellen takes the chair of the Federal Reserve Bank, the central bank is still on track to reduce its bond-buying program: It targeted only \$65 billion in

purchases in February, down from \$75 billion in January. Until January, the central bank had maintained a steady monthly pace of \$85 billion in bond purchases since September 2012. It is important to note that this so-called tapering process should not be described as monetary tightening; it is a slowing of the rate of bond purchasing and not a switch to bond selling, which would pull money from the economy. Still, the disappointing January job report may cause the Fed to reconsider the pace of the slow-down it has been pursuing in its bond purchasing program.

- Interest rates for three-month Treasuries remain at rock-bottom levels. The interest rate on the 10-year Treasury bill dipped slightly to 2.8 percent in January but is still higher than a year ago, when it stood at 1.9 percent (Fig. 6).
- Both the consumer price index for all urban consumers (CPI-U) and the so-called core rate, which subtracts energy and food prices from the index, increased 1.6 percent in January from a year ago.

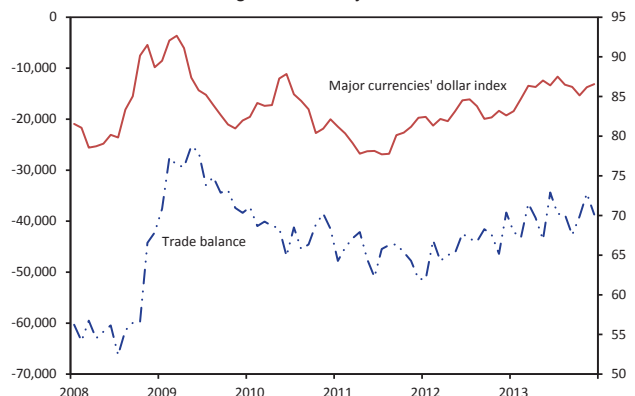
Figure 7 Federal Reserve Senior Loan Officers Survey: Demand and Lending Standards for Commercial and Industrial Loans by Medium-to-Large Firms



When polled by the Federal Reserve in January, senior loan officers at the nation's major banks reported that they continue to ease their lending standards and have been seeing signs of increased loan demand during the past three months. On net, 9.5 percent of the surveyed loan officers reported an increase in the demand for commercial and industrial loans, while the same percentage reported that they have further loosened their lending standards (Fig. 7).

Finally, the value of the dollar has remained stable relative to other major currencies, and the nation's trade balance has slowly improved (Fig. 8).

Figure 8 U.S. Trade Balance and Nominal Index of the Value of the Dollar against Seven Major Currencies



REGIONAL INDUSTRY OUTLOOK

Not only did economic activity in the Great Lakes region pick up at the end of the year, but business representatives contacted by analysts at the Chicago Federal Reserve Bank were more optimistic about 2014 than they had been two months before. The bank analysts, in preparing the latest bank's *Beige Book*, also found that consumer spending during the holiday season in the region was hampered by severe weather conditions; however, it was still slightly above expectations.

Contacted manufacturers reported "solid" production growth during the last two months of the year and had a positive outlook about 2014. This was especially the case for firms in the auto, aerospace, and energy industries. Inventories at the region's steel service centers remain low, encouraging further steel production. Even construction material manufacturers reported a moderate increase in sales during the period, as the construction of multihousing units is on the rise.

Not surprisingly, business investment spending on equipment, information technology, and vehicles was also up in the closing months of the year.

Finally, contacted firms reported an increase in hiring, although they also reported difficulties in filling positions in engineering, technology, accounting, and other technical occupations. Still, wages, on average, remained unchanged, except for upward pressure on the wages of skilled workers.

The Chicago Fed Midwest Manufacturing Index, which has been a regular feature in our analysis of the regional economy, has been suspended until updated benchmark data from the U.S. Census Bureau become available.

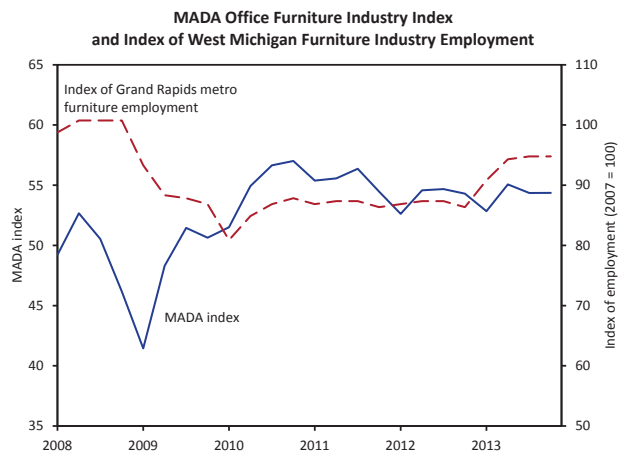
OFFICE FURNITURE INDUSTRY UPDATE

Steady Moderate Growth Is Expected

The office furniture industry continues to grow at a moderate rate. Moreover, according to the most recent polling of business representatives by Michael A. Dunlap and Associates (MADA), industry leaders are optimistic about 2014. The January MADA industry activities index, 54.4, while unchanged from its October reading, is still above 50, indicating that economic activity remains positive. In addition, the personal outlook of industry leaders jumped from 57.4 in October to 64.6 in January. MADA's latest polling of industry representatives also found that employment and capital expenditures stayed positive during the quarter.

Industry employment in the Grand Rapids–Wyoming MSA was up 8.5 percent for 2013, an increase of 500 jobs.

Haworth announced that its sales increased by 7.3 percent in 2013. Steelcase and Herman Miller, the other two major office furniture companies in west Michigan, will not be releasing their latest quarterly earnings reports until March. However, analysts are reportedly expecting Steelcase to post a 7.0 percent increase in sales, and Herman Miller is expected to post an 8.1 percent increase.



AUTO INDUSTRY UPDATE

Icy Weather Forced the Industry into the Ditch

Poor weather conditions in the eastern half of the nation kept potential car buyers from the auto dealers' showrooms in January. During the month, cars and light trucks sold at only a 15.2-million-unit annual pace.

Although the month's sales volumes were disappointing, auto production in North America reached an 11-year high. As a result, inventories crested at 3.61 million in January, up 13.7 percent from the same time last year. The number of days it would take the industry to run out of vehicles jumped from 64 at the end of December to 89 in January. WardsAuto estimates that inventories are between 300,000 to 400,000 units higher than what would be optimal. General Motors has a 141-day supply of its full-size SUV, and Fiat Chrysler is stuck with a 220-day supply of its Dodge Avenger and a 131-day supply of Darts. And these two automakers are hardly alone; according to WardsAuto, most automakers are holding too many midsized autos.

In January, the average incentive spending on the part of manufacturers to unload vehicles was estimated to be \$2,452 per vehicle, according to TrueCar.com. This figure was down by 10.3 percent from December and down 3.1 percent from last year. All of the major manufacturers reduced their incentive packages for January. Fiat Chrysler, Toyota, and Volkswagen made the biggest cutbacks on incentive packages, while Hyundai-Kia reduced its average per-unit incentive package by 0.6 percent in the month. In January, General Motors offered the largest incentive package per unit, \$3,376, followed closely by Ford at \$3,123, according to TrueCar.com.

The large incentive package offered by Ford and GM may be in response to their loss of market share. During the January-to-January period, Ford's market share dipped by 1.1 percent, while GM's share fell by 0.6 percent. Nissan enjoyed a strong 1.6 percent jump in share during the 12-month period.

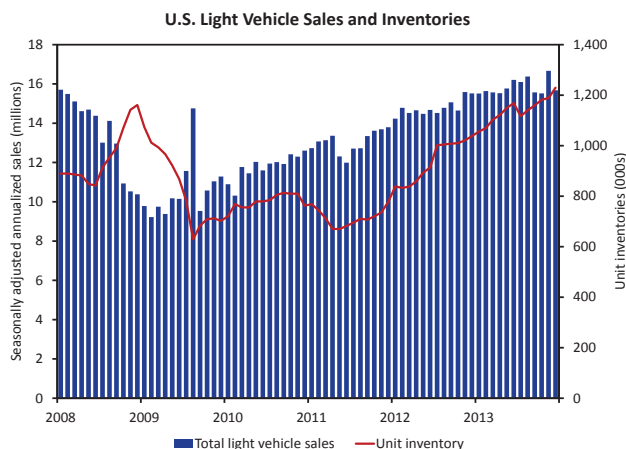
February sales are expected to be disappointing as well because of the harsh winter. WardsAuto anticipates February sales for the Detroit Three to be down 2.7 percent from last year, which translates into their combined share dropping from 46.7 percent last year to 45.5 percent this year. February sales for the Asian automakers, on the other hand, are forecast to increase by 3.5 percent.

In addition, forecasters are predicting that fleet sales will cool this year. Reports from both automakers and consultants indicate that the fleet share of industry sales has been falling for the last few months.

On the upside, if harsh winter conditions are indeed the primary cause for January and February's disappointing sales, March and April could be great sales months. Moreover, forecasters remain convinced that the industry will still sell more than 16 million units during 2014.

General Motors Still Carries a Big Economic Stick

According to the Center for Automotive Research (CAR), when General Motors restarts two idled manufacturing plants in Michigan—Orion Assembly and the Pontiac Metal Center—along with its Spring Hill assembly plant in Tennessee, it will generate a total of 38,600 jobs and an estimated \$3 billion in employee compensation nationwide. According to GM's calculations, on average, each job at these plants will generate more than 12 additional jobs nationally. Furthermore, CAR predicts that employment at the three manufacturing facilities will grow by more than 11 percent in 2014.

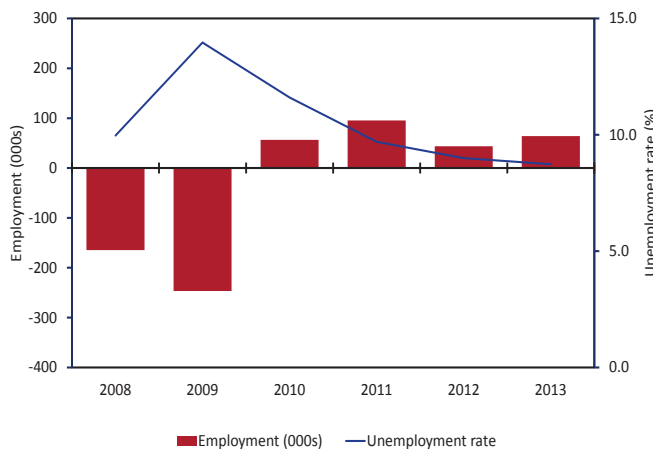


STATE OF MICHIGAN ECONOMY

A Quiet Close to a Great Year

Total employment in the state inched up by only 0.1 during the final quarter of 2013. Strong gains in the state's goods-producing sectors were nearly erased by employment losses in several of its service sectors and government. Even though the state added only 3,400 jobs during the quarter, for the past four quarters state employment has increased by 1.6 percent, a gain of 65,700 jobs. Despite the quarter's lackluster employment growth, the state's unemployment rate dropped to 8.7 percent. The state's economic indicators were mixed during the quarter, suggesting that employment growth will likely remain flat during the next several months.

Michigan Employment Change and Unemployment Rate
(4th quarter to 4th quarter, seasonally adjusted)



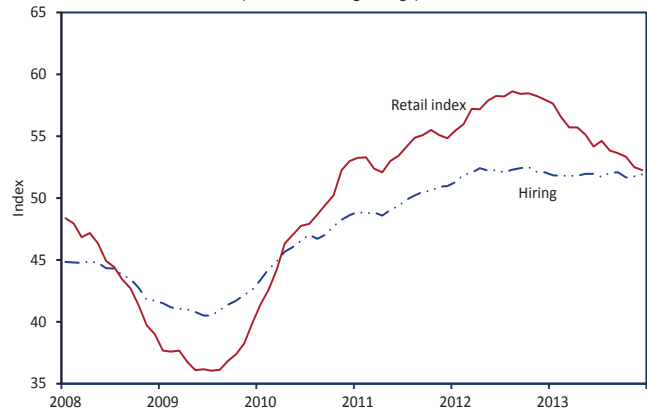
Employment in the state's goods-producing sector increased by 1.0 percent during the quarter because of strong gains in construction and manufacturing. The state's manufacturers added 5,300 jobs during the quarter and 17,940 for the past four quarters. During the fourth quarter, nearly all of the sector's job gains were reported in its auto-dominated durable goods production industries. Although the number of dwelling units put under contract for construction fell by 1.4 percent during the quarter, construction employment in the state was up by 1.0 percent.

Employment in the state's service-providing sector was flat during the fourth quarter. Substantial employment gains both in transportation and utilities and in professional and business services were erased by employment reductions in financial services, education and health services, and leisure and hospitality.

Employment in the state's retail sector was off by 0.2 percent during the quarter, which is in line with the latest polling of the state's retailers by the Chicago Federal Reserve Bank in association with the Michigan Retailers Association. The survey-based retail activity index continues to decline from its mid-2012 peak, while retail hiring remains flat. The lackluster trend in the state's retail sector is somewhat surprising given

the state's 1.0 percent growth in personal income during the first quarter of 2013. Personal income in the state has been increasing since the first quarter of 2011, although the rate of increase has slowed in the past several quarters.

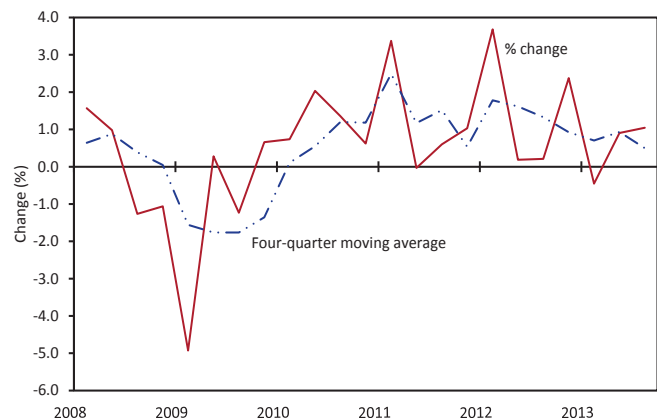
Retail Activity in Michigan
(12-month moving average)



NOTE: Index = % reporting an increase in sales + [0.5 x (% reporting no change)].

The state's two economic indicators were mixed during the quarter. As mentioned above, the number of dwelling units put under contract for construction was off by 1.4 percent. On the positive side, the number of new claims for unemployment insurance dropped by 1.3 percent. The December reading of the Comerica Bank's Michigan Economic Activity Index decreased by 4.3 percentage points to a level of 127.1. Still, the level for the month remains 55 points—76 percent—above the cyclical low for the index of 72.1. Harsh winter weather no doubt contributed to the December drop in the index, as it likely hindered shoppers and builders, which would have curtailed sales tax revenues and building permit activity, two of the index's seven variables.

Michigan Personal Income Growth



Michigan Statistics (seasonally adjusted)

Measure	2013 Q4	2013 Q3	% change, Q3 to Q4	2012 Q4	% change, Q4 to Q4
Employment (by place of work)					
Total nonfarm employment	4,096,520	4,093,150	0.1	4,030,830	1.6
Goods-producing	698,140	691,180	1.0	676,830	3.1
Natural resources and mining	8,200	7,870	4.2	7,800	5.1
Construction	128,100	126,770	1.0	125,130	2.4
Manufacturing	561,840	556,540	1.0	543,900	3.3
Durable goods	424,170	418,970	1.2	410,830	3.2
Nondurable goods	137,670	137,570	0.1	133,070	3.5
Private service-providing	2,793,710	2,793,570	0.0	2,746,170	1.7
Trade, transportation, and utilities	744,340	742,600	0.2	730,130	1.9
Transportation and utilities	124,670	122,600	1.7	122,100	2.1
Wholesale trade	162,370	161,730	0.4	158,930	2.2
Retail trade	457,300	458,270	-0.2	449,100	1.8
Information	52,270	52,070	0.4	52,430	-0.3
Financial activities	195,830	197,000	-0.6	196,570	-0.4
Professional and business services	596,330	592,700	0.6	576,900	3.4
Educational and health services	639,970	641,300	-0.2	633,470	1.0
Leisure and hospitality	395,870	398,800	-0.7	387,570	2.1
Other services	169,100	169,100	0.0	169,100	0.0
Government	604,670	608,400	-0.6	607,830	-0.5
Unemployment					
Number unemployed	410,180	422,560	-2.9	417,760	-1.8
Unemployment rate (%)	8.7	8.9		9.0	
State indexes (1996 = 100)					
Local components					
UI initial claims	11,341	11,492	-1.3	12,726	-10.9
New dwelling units ^a	14,450	14,662	-1.4	11,784	22.6

NOTE: Employment numbers for durable and nondurable goods, transportation and utilities, wholesale trade, and retail trade are seasonally adjusted by the W.E. Upjohn Institute. Other numbers are seasonally adjusted by the Bureau of Labor Statistics. Categories may not sum to total because of rounding.

^a Seasonally adjusted annual rates.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw-Hill Information Systems Company; and on employment data from the Michigan Department of Energy, Labor, and Economic Growth.

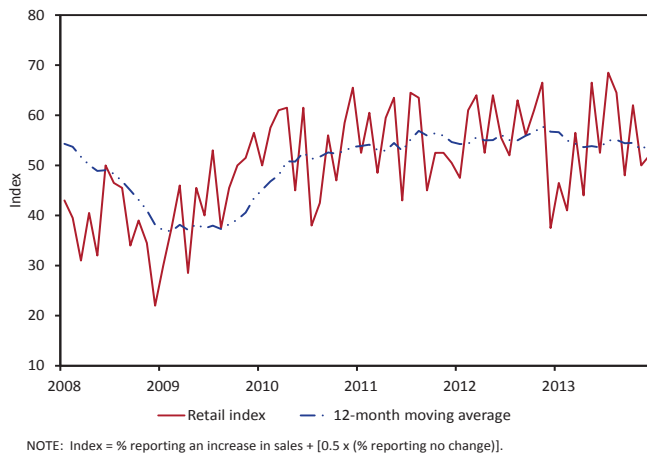
Finally, the Department of Defense announced a \$70 million award to the American Lightweight Materials Manufacturing Innovation Institute (ALMMII) in Canton, Michigan. The DoD award will be matched by \$78 million in contributions from the project's other partners. The \$148 million, 50,000-square-foot manufacturing research institute will be managed by a consortium that includes the University of Michigan, Ohio State University, a nonprofit metals technology firm called EWI, and up to 50 other companies. The institute will support the development and application of advanced lightweight metals for the automotive and aerospace industries as well as for the military. The plan includes provisions for the institute to offer education and training programs. There are high expectations for the impact of the facility: analysts predict that it could bring 10,000 jobs to the area in the next five years.

WEST MICHIGAN ECONOMY

A Quarter of Moderate Growth

Total employment in west Michigan increased in the fourth quarter by 0.6 percent, or nearly 5,000 jobs over the quarter. The unemployment rate increased by one-tenth of a percent, to 7.1, with a virtually unchanged number of unemployed, suggesting an increase in the labor force. The region's economic indicators moved in a positive direction, signaling a good start for employment in 2014.

Retail Activity in West Michigan



Total employment in west Michigan increased during the quarter by a moderate 0.6 percent. Employment growth over the year reached a robust 3.0 percent. Goods-producing employment posted strong gains during the quarter, with construction employment growing by 2.7 percent and manufacturing employment growing by 0.8 percent. Since the fourth quarter of last year, employment in construction has increased by 6.5 percent and employment in manufacturing has grown by 2.6 percent.

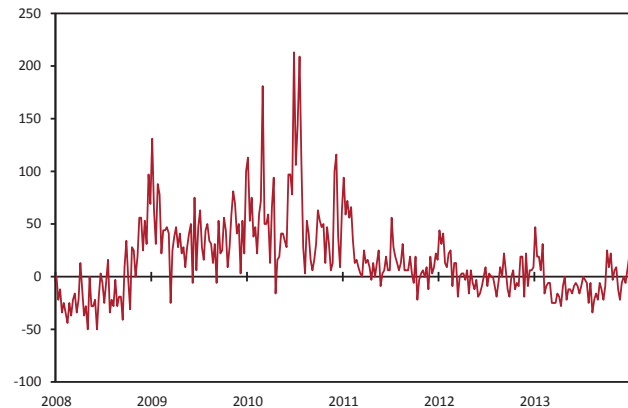
Private service-providing employment grew by 0.5 percent during the quarter, led by leisure and hospitality employment, which grew by 2.6 percent. Employment in retail and educational and health services grew by 0.5 and 1.3 percent, respectively.

Employment in professional and business services dropped by 1.8 percent during the fourth quarter. The story behind that might not be negative, however: Temporary staffing agencies and all their employees are classified as a business service, regardless of where individuals are placed. Persons working in manufacturing would be reclassified in the event of being permanently hired. Therefore, the decline in professional services could reflect increased confidence by manufacturing firms or by other organizations in their ability to take on permanent staff.

Retail employment grew by 0.5 percent in the fourth quarter. However, the retail activity index, prepared by the Chicago Federal Reserve Bank for the Michigan Retailers Association, shows a lackluster year in terms of the number of

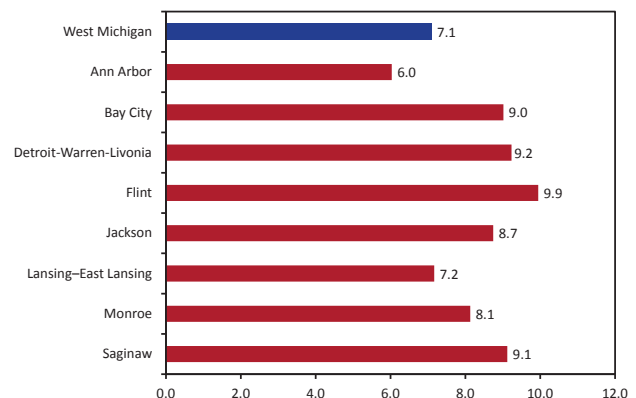
employers reporting an increase in sales. While the small sample size causes the survey to jump around from month to month, the 12-month moving average for 2013 appears to be slightly below that of 2012, even though retail employment grew by 1.9 percent for the year. And while the regional index has been flat, the statewide Michigan retail activity index has been moving steadily downward over the year after peaking at the end of 2012.

Relative Percentage Change in Interest in the Google Search Topic "Welfare and Unemployment" in West Michigan



Government employment picked up in the fourth quarter, increasing by 0.3 percent and finishing the year 0.8 percent above its level during the fourth quarter of 2012.

Unemployment Rate in Other Michigan Metropolitan Areas (Q4 2013, seasonally adjusted)



The regions' composite unemployment rate in the fourth quarter was just a tenth of a percent above the national rate of 7.0. While unchanged, the regional rate is the lowest in the state excepting that of Ann Arbor, which retains the lowest metro unemployment rate, at 6.0. High unemployment persists in Bay City, Detroit, Flint, and Saginaw; each posted unemployment rates of at least 9.0.

The index of Google searches for the topic of "welfare and unemployment" in west Michigan ticked up slightly at the end of the year. However, the index was below zero for most of the year and remains below 2012 levels.

West Michigan (6 MSAs) Statistics
(seasonally adjusted)

Measure	2013 Q4	2013 Q3	% change, Q3 to Q4	2012 Q4	% change, Q4 to Q4
Employment (by place of work)					
Total nonfarm employment	838,910	834,070	0.6	814,750	3.0
Goods-producing	186,190	184,190	1.1	180,450	3.2
Construction and mining	28,520	27,780	2.7	26,790	6.5
Manufacturing	157,670	156,410	0.8	153,660	2.6
Private service-providing	554,780	552,220	0.5	537,140	3.3
Trade, transportation, and utilities	144,900	144,070	0.6	142,630	1.6
Retail trade	86,560	86,170	0.5	84,910	1.9
Information (5 MSAs) ^a	7,000	6,890	1.6	6,930	1.0
Financial activities	37,860	38,030	-0.4	37,930	-0.2
Professional and business services	114,260	116,330	-1.8	108,840	5.0
Educational and health services	136,440	134,670	1.3	131,530	3.7
Leisure and hospitality	81,000	78,980	2.6	75,910	6.7
Other services	33,320	33,250	0.2	33,370	-0.1
Government	97,940	97,660	0.3	97,160	0.8
Unemployment					
Number unemployed	64,990	64,970	0.0	61,770	5.2
Unemployment rate (%)	7.1	7.0		6.9	
Local indexes					
UI initial claims	1,479	1,614	-8.4	1,872	-21.0
New dwelling units ^b	3,771	3,384	11.4	2,772	36.0

NOTE: Categories may not sum to total because of rounding.

^a Information employment data are not available for Battle Creek MSA.

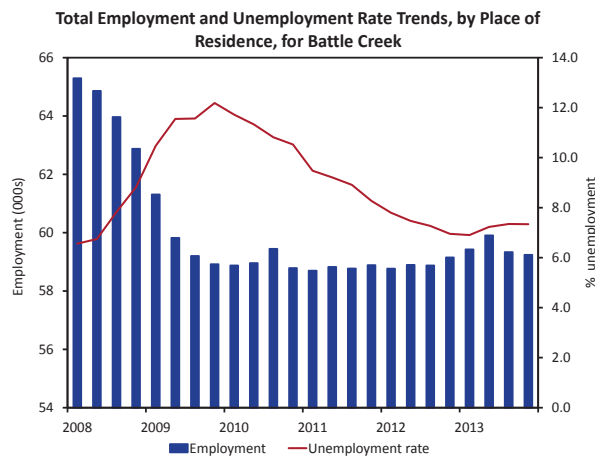
^b Seasonally adjusted annual rates. Van Buren County is not included.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw-Hill Information Systems Company; and on employment data from the Michigan Department of Energy, Labor, and Economic Growth.

Both of the region's economic indicators moved in a positive direction during the fourth quarter. New unemployment claims, a statistic used to monitor conditions in the region's labor market, declined by 8.4 percent. The number of new dwelling units put under contract for construction picked up by 11.4 percent.

Job Growth across All Sectors

Total employment grew by nearly 500 jobs, or 0.9 percent, in Calhoun County during the fourth quarter. Employment gains were reported in all three major sectors: goods-producing, service-providing, and government. Still, the unemployment rate remained unchanged at 7.3 percent. The area's economic indicators were negative, suggesting a soft start to 2014.



Total employment by place of work grew by 0.9 percent in fourth quarter, 480 jobs, ending the year on a positive note. Employment had declined during the third quarter, but the county regained the amount of that drop plus a little extra in the fourth. Unfortunately, employment by place of residency declined slightly during the fourth quarter, which suggests that commuters filled new positions in Calhoun County.

Employment in goods-producing industries grew on the strength of its durable goods manufacturing, which increased by 1.8 percent. Construction and nondurable goods both declined slightly from the third quarter to the fourth quarter. However, overall goods-producing employment was up 2.7 percent from the fourth quarter of 2012.

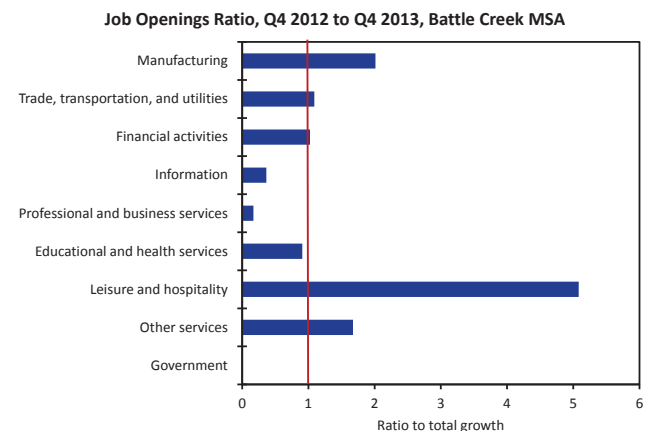
The reorganization of the Kellogg Co. has been in the news, as the breakfast cereal maker has announced a company-wide restructuring, including the closing of manufacturing facilities in Australia and Canada and an expansion in Thailand. The company announced plans to place a new Global Business Center in Cascade Township, which lies on the south-eastern outskirts of Grand Rapids, rather than in Battle Creek. The new facility is expected to employ between 300 and 600 workers. And while many jobs there would be new positions, some will be transferred from the Battle Creek headquarters.

Private service-providing employment grew by 0.8 percent, or about 250 jobs, in the fourth quarter. Employment is up across all industries in the sector with the exception of the financial services industry, which was down 2.3 percent from the third quarter and down 7.1 percent from the fourth quarter of 2012. Leisure and hospitality increased by 70 jobs, or 0.7 percent, in the fourth quarter, and is up by 1.3 percent from the fourth quarter of last year. Leisure and hospitality employment could be helped in the coming

months by the opening of a new Courtyard by Marriott in Harper Village, which has been in the works for the past four years. FireKeepers Casino has been cited as being one reason for the increasing demand for hotel occupancy in the area.

Government employment increased by 1.1 percent during the fourth quarter, the same percentage increase as during the previous quarter. The City of Battle Creek has sworn in 10 new police officers, the largest number in decades. Unfortunately, 27 firefighting positions provided by the Air National Guard at the W.K. Kellogg Airport are expected to be eliminated. The decision is not final, but if the cut goes forward the City of Battle Creek is studying plans on how best to provide fire service at the airport. Fort Custer is one of four finalists for a new missile defense site being considered if the Pentagon determines a new site is necessary. Currently the areas under consideration are undergoing a two-year environmental impact review by the Department of Defense.

Job postings were up across all industries in Calhoun County from Fourth Quarter 2012 to Fourth Quarter 2013. The accompanying figure shows the job openings ratio for the county; any industry with a ratio larger than one (as demarcated by the red line) grew faster than the regional average for job postings. Leisure and hospitality positions as well as the "other services" sector grew faster than the regional average, matching their growth in employment this quarter. Manufacturing had the second-largest ratio, which is a positive sign. Manufacturing organizations often do not post positions on-line, and so even if the total number of positions being offered is not up from last year, it is a good sign that manufacturing is increasing its on-line job presence.



SOURCE: Burning Glass International Inc. (2013).

The region's economic indicators were both negative in the fourth quarter. The number of new dwelling units declined by roughly 40 percent from the third quarter but was up 17.4 percent from last year. New unemployment insurance claims were up slightly, by 3.3 percent. The negative readings of both indicators suggest a slow start to 2014.

Battle Creek MSA
(seasonally adjusted)

Measure	2013 Q4	2013 Q3	% change, Q3 to Q4	2012 Q4	% change, Q4 to Q4
Employment (by place of work)					
Total nonfarm employment	56,650	56,170	0.9	56,220	0.8
Goods-producing	13,160	13,040	0.9	12,820	2.7
Construction and mining	1,520	1,530	-0.7	1,520	0.0
Manufacturing	11,640	11,510	1.1	11,300	3.0
Durable goods	8,410	8,260	1.8	8,070	4.2
Nondurable goods	3,230	3,250	-0.6	3,230	0.0
Private service-providing ^a	32,940	32,690	0.8	32,950	0.0
Trade, transportation, and utilities	9,250	9,190	0.7	9,250	0.0
Retail trade	6,010	6,000	0.2	5,980	0.5
Financial activities	1,300	1,330	-2.3	1,400	-7.1
Professional and business services	5,470	5,420	0.9	5,370	1.9
Educational and health services	10,350	10,280	0.7	10,390	-0.4
Leisure and hospitality	4,510	4,480	0.7	4,450	1.3
Other services	2,060	1,990	3.5	2,090	-1.4
Government	10,550	10,440	1.1	10,450	1.0
Unemployment					
Number unemployed	4,670	4,680	-0.2	4,430	5.4
Unemployment rate (%)	7.3	7.3		7.0	
Local indexes					
UI initial claims	156	151	3.3	195	-20.0
New dwelling units ^b	27	45	-40.0	23	17.4

NOTE: Categories may not sum to total because of rounding.

^a Data for information services is included in the "other services" sector.

^b Seasonally adjusted annual rates.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw-Hill Information Systems Company; and on employment data from the Michigan Department of Energy, Labor, and Economic Growth.

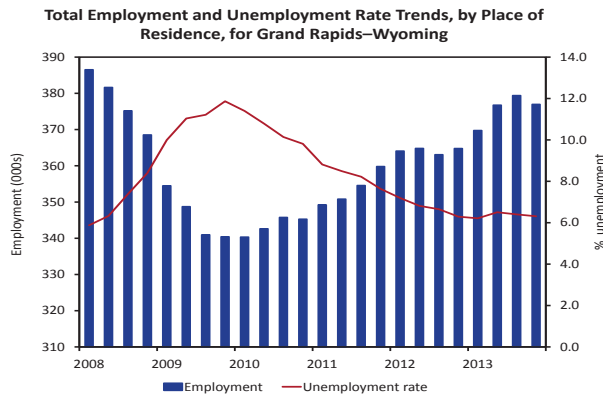
Battle Creek MSA
Industry Employment Change by Place of Work, Second Quarter to Second Quarter
(not seasonally adjusted)

Industry	2013 Q2	2012 Q2	Percent change	Industry	2013 Q2	2012 Q2	Percent change
Goods-producing				Arts, entertainment, and recreation	590	700	-15.7
Food manufacturing	2,200	2,340	-6.0	Accommodation and food services	4,050	3,680	10.1
Fabricated metal products mfg.	1,960	2,200	-10.9	Food services and drinking places	3,690	3,380	9.2
Transportation equipment mfg.	4,630	4,260	8.7				
Private service-providing				Government			
Professional and technical services	2,440	2,420	0.8	Federal government	2,920	2,950	-1.0
Administrative and support services	2,480	2,220	11.7	State government	430	460	-6.5
Educational services	1,300	1,320	-1.5	Local government	7,060	5,430	30.0
Health care and social assistance	8,700	8,330	4.4				
Ambulatory health care services	3,050	2,950	3.4				

SOURCE: Michigan Department of Energy, Labor, and Economic Growth, QCEW/ES-202 data.

Quiet Exit for a Great Year

Total employment increased by a modest 0.3 percent during the fourth quarter. Employment gains were primarily in goods-producing sectors, with little change in private services—providing employment and a reported decline in government employment. The unemployment rate dropped to 6.3, with declines in both the number of employed and the number of unemployed residents. Both of the area's economic indicators were positive during the quarter, suggesting employment will improve in the coming months.



Employment by place of work increased by 0.3 percent, or about 1,200 jobs, in the fourth quarter. However, while the number of persons unemployed declined by 1.0 percent during the quarter, the number of employed residents also declined, suggesting that people are leaving the labor force and that the area's new jobs are possibly being filled by commuters.

Goods-producing employment was up by 2.0 percent in the fourth quarter, with solid gains in both construction and manufacturing. Construction was up 5.0 percent, or nearly 700 jobs; durable and nondurable manufacturing were up by about 900 jobs in the fourth quarter. Construction project announcements are widespread and include new manufacturing plants, senior living facilities, downtown lofts, and hospital expansions. Many manufacturers announced new or planned hiring, including Ventra Plastics (150 jobs), Thierica (90 jobs), Compositex (50 jobs), Cargill Kitchen Solutions (24 jobs), and Dematic. However, there were some cuts as well, including 90 jobs at Wolverine Worldwide and about 260 jobs at ConAgra Foods.

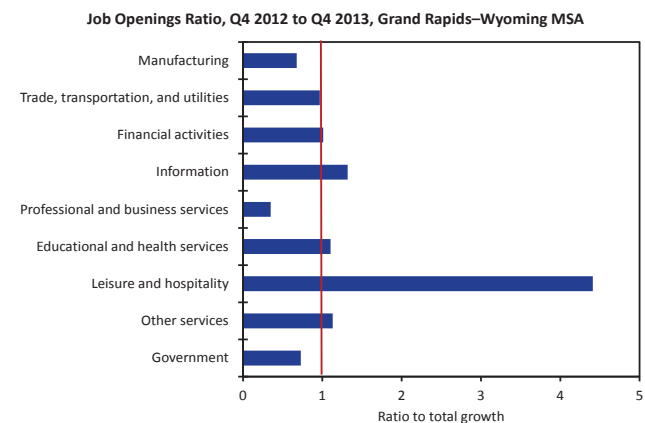
Private service-providing employment was essentially unchanged in the quarter, increasing by just 40 jobs. While the quarterly change was small, employment is up 4.5 percent from the same time in 2012. Sizable gains of over 2,000 jobs in leisure and hospitality were offset by similar losses in professional and business services. However, that might not be bad news: Temporary workers are classified as employees in business services, regardless of the job they are actually doing. If a temporary worker is hired permanently at the organization at which that worker had been placed, he or she would be reclassified as an employee in that industry. It is

possible that manufacturing or other organizations are finally feeling stable enough to hire temporary workers permanently. And even if the net employment effect is zero, permanent hires often receive increased wages and benefits packages that temporary employees lack. In the news, Target, Walmart, and Spartan Stores all announced hiring at various locations throughout the area.

The job-postings-ratio figure shows that leisure and hospitality postings increased by four times over the area growth. While all other industries had more postings in the fourth quarter of 2013 than in the fourth quarter of 2012, increases were relatively modest compared to the increase in leisure and hospitality. The three sectors of 1) information, 2) educational and health, and 3) other services all increased faster than the regional average as well.

Government employment was down again from the third quarter to the fourth quarter, by 1.2 percent, or 410 jobs. Government employment was down by 0.9 percent from the fourth quarter of last year.

The area's economic indicators were positive in the fourth quarter, suggesting a good start to spring. The number of new unemployment insurance claims decreased by 10.3 percent during the fourth quarter, and that number is down over 20 percent from the fourth quarter of 2012. New dwelling units were up by 13.4 percent from the third quarter and by a dramatic 65 percent from the fourth quarter of 2012.



SOURCE: Burning Glass International Inc. (2013).

SPECIAL NOTE for the Grand Rapids–Wyoming MSA: In March of 2014 the Bureau of Labor Statistics (BLS) will begin using the new MSA definitions in the Current Employment Statistics. Ottawa County, which had previously been part of the Grand Rapids MSA before splitting off to form the Holland–Grand Haven MSA in 2002, will now be reabsorbed by the Grand Rapids–Wyoming MSA. Therefore, employment by place of work in this issue will not be comparable to that statistic in upcoming issues, as the Grand Rapids MSA will have increased by over 100,000 jobs.

Grand Rapids–Wyoming MSA
(seasonally adjusted)

Measure	2013 Q4	2013 Q3	% change, Q3 to Q4	2012 Q4	% change, Q4 to Q4
Employment (by place of work)					
Total nonfarm employment	404,540	403,300	0.3	388,370	4.2
Goods-producing	83,170	81,560	2.0	79,140	5.1
Construction and mining	14,570	13,880	5.0	13,510	7.8
Manufacturing	68,600	67,680	1.4	65,630	4.5
Durable goods	46,550	45,660	1.9	43,960	5.9
Nondurable goods	22,050	22,020	0.1	21,670	1.8
Private service–providing	288,900	288,860	0.0	276,480	4.5
Trade, transportation, and utilities	69,160	69,100	0.1	68,440	1.1
Transportation and utilities	9,990	9,830	1.6	9,790	2.0
Wholesale trade	21,900	21,880	0.1	21,800	0.5
Retail trade	37,270	37,390	–0.3	36,850	1.1
Information	4,200	4,110	2.2	4,100	2.4
Financial activities	20,900	21,080	–0.9	20,970	–0.3
Professional and business services	71,960	74,180	–3.0	66,870	7.6
Educational and health services	68,810	68,510	0.4	65,770	4.6
Leisure and hospitality	37,310	35,220	5.9	33,770	10.5
Other services	16,560	16,660	–0.6	16,560	0.0
Government	32,470	32,880	–1.2	32,750	–0.9
Unemployment					
Number unemployed	25,560	25,810	–1.0	24,640	3.7
Unemployment rate (%)	6.3	6.4		6.3	
Local indexes					
UI initial claims	548	611	–10.3	713	–23.1
New dwelling units ^a	1,787	1,576	13.4	1,083	65.0

NOTE: Categories may not sum to total because of rounding.

^a Seasonally adjusted annual rates.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw-Hill Information Systems Company; and on employment data from the Michigan Department of Energy, Labor, and Economic Growth.

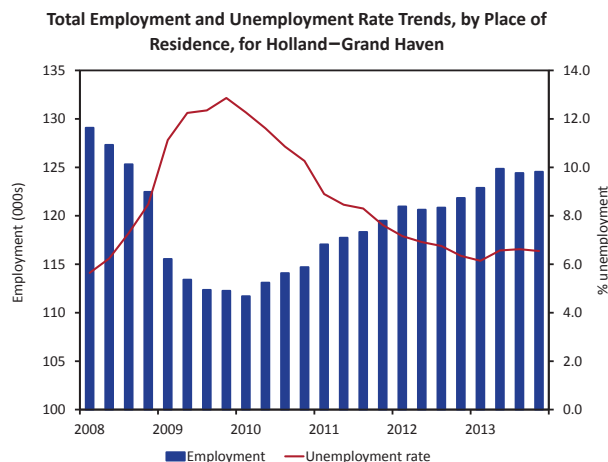
Grand Rapids–Wyoming MSA
Industry Employment Change by Place of Work, Second Quarter to Second Quarter
(not seasonally adjusted)

Industry	2013 Q2	2012 Q2	Percent change	Industry	2013 Q2	2012 Q2	Percent change
Goods-producing				Health care and social assistance	55,890	53,370	4.7
Food manufacturing	6,890	7,030	–2.0	Ambulatory health care services	17,540	16,240	8.0
Chemical manufacturing	3,380	3,350	0.9	Hospitals	23,440	21,880	7.1
Plastics and rubber products mfg.	6,850	6,670	2.7	Arts, entertainment, and recreation	4,770	4,610	3.5
Fabricated metal products mfg.	7,120	6,540	8.9	Accommodation and food services	29,560	28,890	2.3
Machinery manufacturing	9,400	8,580	9.6	Food services and drinking places	26,600	26,420	0.7
Transportation equipment mfg.	13,160	12,690	3.7	Government			
Furniture and related products mfg.	5,820	5,780	0.7	Federal government	3,050	3,070	–0.7
Private service–providing				State government	3,000	3,030	–1.0
Professional and technical services	15,700	15,250	3.0	Local government	26,150	25,950	0.8
Administrative and support services	45,220	44,680	1.2				
Educational services	9,350	9,160	2.1				

SOURCE: Michigan Department of Energy, Labor, and Economic Growth, QCEW/ES-202 data.

A Strong Ending to a Great Year

Total employment by place of work increased by 1.4 percent, or over 1,500 jobs. Goods-producing and private service-providing employment improved, while government employment fell slightly. The unemployment rate dropped a tenth of a point, to 6.5, although the unemployment rate is higher than in the same quarter in 2012, when it was 6.3.



Total employment by place of work increased by 1,550 jobs during the quarter, an increase of 1.4 percent from the previous quarter and of 2.7 percent from the same quarter in 2012. Employment by place of residency also increased slightly, while unemployment dropped slightly, bringing the overall unemployment rate down to 6.5 from 6.6 in the previous quarter.

Goods-producing employment improved by 0.8 percent, with gains in manufacturing and slight losses in construction being reported. Construction declined during the quarter but was unchanged from the previous year. Manufacturing was up by 1.0 percent for the quarter.

Private service-providing employment increased by a healthy 2.1 percent during the fourth quarter, with half of the gains coming from 660 jobs being added in educational and health services. All service industries experienced some increase with the exception of the “other services” category. Although leisure and hospitality increased by only 1.5 percent during the quarter, the industry was up by 9.6 percent since the fourth quarter of 2012, or nearly 1,000 jobs. Retail employment was up slightly, by 1.5 percent during the quarter.

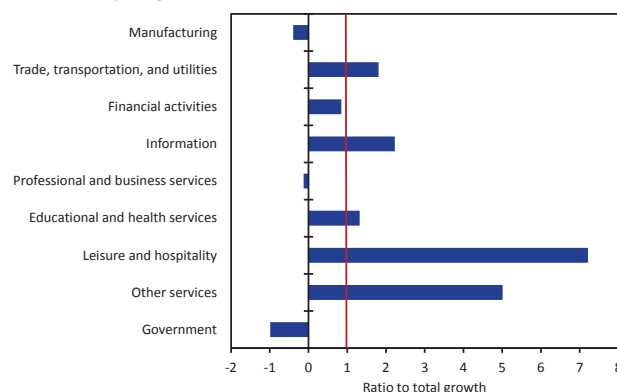
In the job-openings-ratio figure, both the leisure and hospitality sector and the “other services” sector had considerable growth compared to the regional average. The growth in leisure and hospitality job postings matches the considerable growth in actual employment. However, even though postings in “other services” grew at five times the regional rate, not only was “other services” the sole industry in private services whose actual employment did not grow during the fourth quarter; it was also the sole industry that did not improve from

the fourth quarter of 2012. Unfortunately, manufacturing job postings also declined, even though manufacturing employment was up 1.6 percent from the fourth quarter of 2012.

Government employment was down by a very slight 0.2 percent from the third quarter but remains 2.6 percent higher than in the fourth quarter of 2012.

The area’s economic indicators were positive during the quarter, suggesting a good start to 2014. Initial unemployment insurance claims were down by nearly 19 percent, while new dwelling units put under contract for construction were up by a robust 45.4 percent.

Job Openings Ratio, Q4 2012 to Q4 2013, Holland–Grand Haven MSA



SOURCE: Burning Glass International Inc. (2013).

SPECIAL NOTE for the Holland–Grand Haven MSA: This is the last independent analysis of employment by place of work for the Holland–Grand Haven MSA. In March the Bureau of Labor Statistics (BLS) will begin using the new MSA definitions in the Current Employment Statistics (CES) data series. Ottawa County will be rejoining the Grand Rapids–Wyoming MSA after a decade, and so the Holland–Grand Haven MSA will disappear. The CES data are available by MSA only, and component counties cannot be separated. The reason for the elimination of the Holland–Grand Haven MSA as an independent entity is the commuting relationship that exists between Ottawa and Kent Counties: Over 25 percent of Ottawa County residents are employed in Kent County. Additionally, many Ottawa County jobs are filled by Kent County residents. Because of that commuting relationship, Ottawa County will become part of the Grand Rapids–Wyoming MSA until at least the next census.

Holland–Grand Haven MSA
(seasonally adjusted)

Measure	2013 Q4	2013 Q3	% change, Q3 to Q4	2012 Q4	% change, Q4 to Q4
Employment (by place of work)					
Total nonfarm employment	115,900	114,350	1.4	112,890	2.7
Goods-producing	37,840	37,540	0.8	37,310	1.4
Construction and mining	4,050	4,080	−0.7	4,050	0.0
Manufacturing	33,790	33,460	1.0	33,260	1.6
Private service–providing	61,670	60,390	2.1	59,600	3.5
Trade, transportation, and utilities	17,430	17,080	2.0	16,810	3.7
Retail trade	9,920	9,770	1.5	9,590	3.4
Information	710	700	1.4	710	0.0
Financial activities	3,320	3,300	0.6	3,320	0.0
Professional and business services	12,150	12,060	0.7	12,020	1.1
Educational and health services	12,940	12,280	5.4	12,390	4.4
Leisure and hospitality	11,050	10,890	1.5	10,080	9.6
Other services	4,070	4,080	−0.2	4,270	−4.7
Government	16,390	16,420	−0.2	15,980	2.6
Unemployment					
Number unemployed	8,720	8,850	−1.5	8,230	6.0
Unemployment rate (%)	6.5	6.6		6.3	
Local indexes					
UI initial claims	211	260	−18.8	301	−29.9
New dwelling units ^a	1,211	833	45.4	806	50.2

NOTE: Categories may not sum to total because of rounding.

^a Seasonally adjusted annual rates.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw-Hill Information Systems Company; and on employment data from the Michigan Department of Energy, Labor, and Economic Growth.

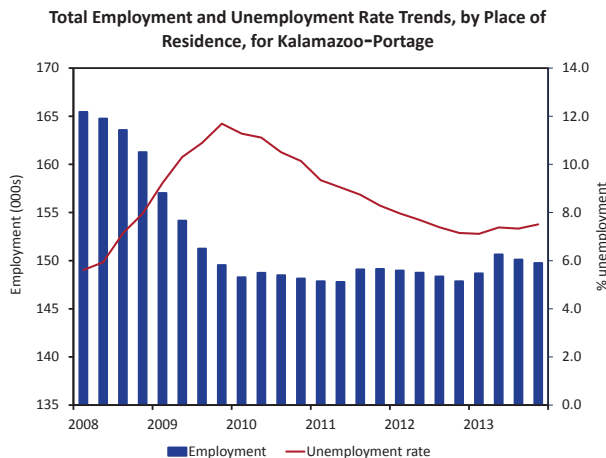
Holland–Grand Haven MSA
Industry Employment Change by Place of Work, Second Quarter to Second Quarter
(not seasonally adjusted)

Industry	2013 Q2	2012 Q2	Percent change	Industry	2013 Q2	2012 Q2	Percent change
Goods-producing				Health care and social assistance	8,330	9,200	−9.5
Food manufacturing	3,500	3,510	−0.3	Ambulatory health care services	3,510	4,070	−13.8
Fabricated metal products mfg.	5,190	4,880	6.4	Arts, entertainment, and recreation	890	920	−3.3
Machinery manufacturing	2,320	2,370	−2.1	Accommodation and food services	9,180	8,870	3.5
Transportation equipment mfg.	4,930	4,660	5.8	Food services and drinking places	8,520	8,170	4.3
Furniture and related products mfg.	5,070	4,870	4.1	Government			
Private service–providing				Federal government	400	410	−2.4
Professional and technical services	3,410	3,330	2.4	State government	2,970	2,850	4.2
Administrative and support services	7,650	7,950	−3.8	Local government	10,390	10,200	1.9
Educational services	2,080	2,070	0.5				

SOURCE: Michigan Department of Energy, Labor, and Economic Growth, QCEW/ES-202 data.

Job Growth and Rising Unemployment

Total employment by place of work increased by 1.0 percent in the fourth quarter across all industry sectors. Even so, the area's unemployment rate also increased, from 7.3 to 7.5. In addition, the area's economic indicators were mixed during the quarter, suggesting soft employment conditions for the beginning of 2014.



In contrast to employment by place of work, which grew slightly (noted above), employment by place of residence fell, while the number of unemployed individuals rose by 200, bringing the unemployment rate up to 7.5 from the third-quarter reading of 7.3. The unemployment rate is also up from its level of 7.2 in the fourth quarter of 2012. The figure below shows that the unemployment rate has been ticking up for all of 2013, after a fairly steady decline since the end of 2009.

Employment in the area's goods-producing sector was up 0.8 percent during the fourth quarter, in which 110 jobs were added in construction and 70 jobs in manufacturing. Construction news includes the ongoing development of the site for a new Costco and for other commercial development. In addition, previous plans for a mixed-use commercial and residential facility near Western Michigan University have been expanded to accommodate 13 additional apartments and more retail space, pushing the total cost of the facility to \$13.6 million from its original cost of \$7.9 million.

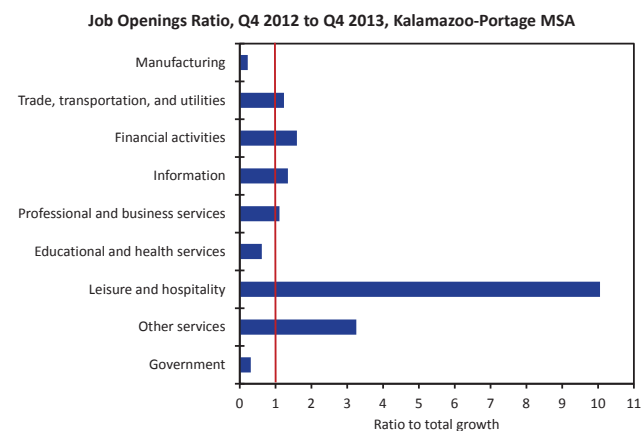
In manufacturing, Mann+Hummel will expand into the site formerly occupied by Mueller Plastics, creating 80 jobs. In Van Buren County, Die Cast Press Manufacturing and Marone Bio Innovations have announced expansions that will bring 10 and 50 jobs, respectively. Unfortunately, pharmacology services company Charles River Laboratories in Portage has announced it will be closing, laying off 84 workers.

Private service-providing employment increased by 0.3 percent, adding just 320 jobs in the fourth quarter. Employment in education and health services grew by a healthy 3.4 percent, or 780 jobs. However, leisure and hospitality declined by 4.1 percent, or 600 jobs. The area's gain in education

and health services is surprising since Borgess Hospital recently announced an undisclosed number of layoffs, citing decreased Medicare reimbursements as the primary reason. Bronson Hospital also announced cost-cutting measures, such as a wage freeze, but did not announce any employment reductions.

The job-openings-ratio figure shows leisure and hospitality employment as being far and away the biggest winner in job-postings growth from the fourth quarter of 2012 to the fourth quarter of 2013. Hospitality postings increased at nearly 10 times the rate of other industries. This gain is in marked contrast to the performance of leisure and hospitality employment, which is not only down 4.1 percent from the last quarter but is also down 2.7 percent from the fourth quarter of 2012. How postings could be so much higher for the past year, while employment is down, is unclear. While leisure and hospitality does have a high turnover rate, unless the turnover rate is increasing, it should not cause an increase in postings. Besides leisure and hospitality's dramatic increase in postings, "other services" increased in number of postings compared to the regional average as well.

Government employment increased by 3.8 percent in the fourth quarter, or more than 800 jobs. The Michigan Department of Human Services announced plans to renew its lease in Hartford, thus retaining 70 jobs in Van Buren County.



SOURCE: Burning Glass International Inc. (2013).

Although unemployment increased, new unemployment insurance claims were down from the third quarter by 6.3 percent and are down from the fourth quarter of the previous year by 14.2 percent. However, new housing starts were down by 20.8 percent in the fourth quarter. The mixed indicators suggest a flat start to 2014.

Kalamazoo-Portage MSA
(seasonally adjusted)

Measure	2013 Q4	2013 Q3	% change, Q3 to Q4	2012 Q4	% change, Q4 to Q4
Employment (by place of work)					
Total nonfarm employment	138,930	137,620	1.0	135,660	2.4
Goods-producing	23,880	23,700	0.8	23,020	3.7
Construction and mining	4,810	4,700	2.3	4,140	16.2
Manufacturing	19,070	19,000	0.4	18,880	1.0
Durable goods	10,480	10,440	0.4	10,460	0.2
Nondurable goods	8,590	8,560	0.4	8,420	2.0
Private service-providing	93,070	92,750	0.3	91,200	2.1
Trade, transportation, and utilities	24,510	24,390	0.5	24,140	1.5
Transportation and utilities	3,290	3,350	-1.8	3,460	-4.9
Wholesale trade	6,160	6,020	2.3	5,860	5.1
Retail trade	15,060	15,020	0.3	14,820	1.6
Information	900	890	1.1	900	0.0
Financial activities	8,130	8,170	-0.5	8,130	0.0
Professional and business services	15,620	15,640	-0.1	15,420	1.3
Educational and health services	23,880	23,100	3.4	22,330	6.9
Leisure and hospitality	14,120	14,720	-4.1	14,510	-2.7
Other services	5,910	5,840	1.2	5,770	2.4
Government	21,980	21,170	3.8	21,440	2.5
Unemployment					
Number unemployed	12,080	11,880	1.7	11,390	6.1
Unemployment rate (%)	7.5	7.3		7.2	
Local indexes					
UI initial claims	193	206	-6.3	225	-14.2
New dwelling units ^a	454	573	-20.8	639	-29.0

NOTE: Categories may not sum to total because of rounding.

^aSeasonally adjusted annual rates; does not include Van Buren County dwelling permit data.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw-Hill Information Systems Company; and on employment data from the Michigan Department of Energy, Labor, and Economic Growth.

Kalamazoo-Portage MSA
Industry Employment Change by Place of Work, Second Quarter to Second Quarter
(not seasonally adjusted)

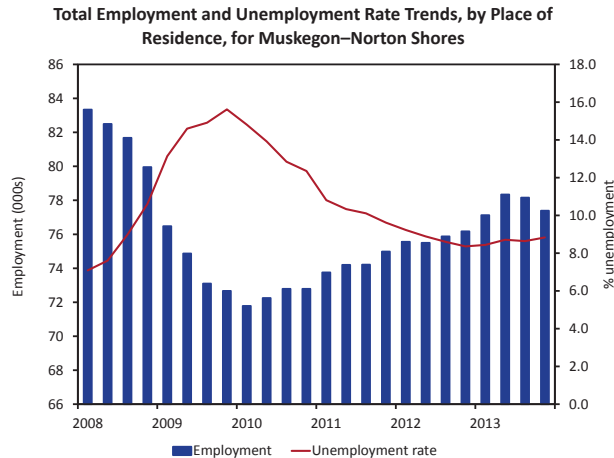
Industry	2013 Q2	2012 Q2	Percent change	Industry	2013 Q2	2012 Q2	Percent change
Goods-producing				Health care and social assistance	19,230	19,070	0.8
Food manufacturing	1,430	1,440	-0.7	Ambulatory health care services	6,310	6,380	-1.1
Paper manufacturing	1,740	1,890	-7.9	Hospitals	7,950	6,600	20.5
Fabricated metal products mfg.	1,680	1,870	-10.2	Arts, entertainment, and recreation	1,870	1,580	18.4
Machinery manufacturing	2,260	2,150	5.1	Accommodation and food services	13,450	13,310	1.1
Transportation equipment mfg.	1,910	1,710	11.7	Food services and drinking places	11,830	11,760	0.6
Private service-providing				Government			
Professional and technical services	5,430	5,130	5.8	Federal government	870	960	-9.4
Administrative and support services	7,870	8,410	-6.4	State government	4,310	4,230	1.9
Educational services	2,360	2,290	3.1	Local government	12,890	13,010	-0.9

SOURCE: Michigan Department of Energy, Labor, and Economic Growth, QCEW/ES-202 data.

MUSKEGON-NORTON SHORES MSA

Holding Steady to End the Year

Total employment essentially held steady in the fourth quarter, declining by 0.1 percent, or 60 jobs. The lack of job growth pushed the area's unemployment rate up from 8.6 to 8.8, with both an increase in the number of unemployed and a decrease in the number of residents employed. The economic indicators were mixed during the fourth quarter, suggesting a modest start to 2014.



Residential employment decreased by more than 700 jobs during the fourth quarter. The figure below shows that residential employment has been improving steadily since the start of 2010 but that it may have peaked in the second quarter of 2013. If it turns out that residential employment has indeed peaked, its high would be slightly below prerecession levels. The unemployment rate has been inching up during 2013 as well. Total employment by place of work was virtually unchanged, with gains in private service-providing jobs being offset by declines in goods-producing and government jobs.

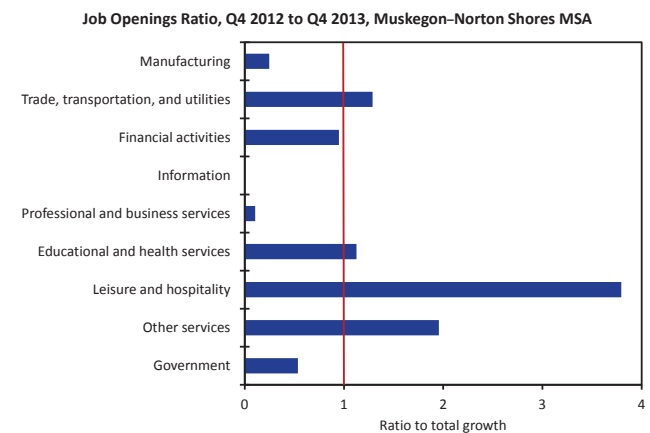
Goods-producing jobs declined by 0.5 percent because of a decline in manufacturing employment, in spite of slight growth in construction and mining. None of the other communities in west Michigan has had that robust of a recovery. Construction news includes new residential and commercial developments, both around the county and in Muskegon city. ADAC Automotive announced that it is adding 90 jobs, apportioned between its two Muskegon-area facilities. Lauren Plastics, headquartered in New Philadelphia, Ohio, announced consolidation and expansion plans in Muskegon County that would add 71 new jobs. Bold Furniture is planning an expansion and hiring 25 additional workers this year.

Private service-providing employment increased by 0.4 percent during the fourth quarter, driven by retail employment growth but hampered slightly by leisure and hospitality as well as other services. Besides retail, the education and health services sector and the financial activities sector grew by 0.7 and 2.1 percent, respectively. New brewpubs are opening or have opened all over west Michigan, and Muskegon is keeping pace. In downtown Muskegon, one brewpub opened in

the fourth quarter, and a second one is currently brewing batches in preparation for its grand opening.

Government employment fell by 2.0 percent during the fourth quarter and is 0.8 percent below what it was in the fourth quarter of 2012.

The job-openings-ratio figure shows that leisure and hospitality employment grew well beyond the regional average from Fourth Quarter 2012 to Fourth Quarter 2013. That growth is similar to the industry employment growth. While there was a slight decline from the third quarter to the fourth quarter in 2013, the fourth-quarter-to-fourth-quarter change from 2012 to 2013 showed an 8.5 percent jump, or 570 job postings. The miscellaneous "other services" sector had the second-biggest ratio, increasing at two times the regional average. However, actual employment gains in that industry were rather modest. Manufacturing job postings increased, but at a much smaller rate than the total postings did.



SOURCE: Burning Glass International Inc. (2013).

The area's economic indicators were mixed, suggesting a soft start to 2014. Initial unemployment insurance claims were down by 6.8 percent, which is a positive sign. However, new dwelling units were down by 15.7 percent from the third quarter, although units are still up over the fourth quarter of 2012.

Muskegon–Norton Shores MSA
(seasonally adjusted)

Measure	2013 Q4	2013 Q3	% change, Q3 to Q4	2012 Q4	% change, Q4 to Q4
Employment (by place of work)					
Total nonfarm employment	62,960	63,020	−0.1	61,710	2.0
Goods-producing	14,800	14,880	−0.5	14,560	1.6
Construction and mining	2,080	2,060	1.0	1,950	6.7
Manufacturing	12,720	12,820	−0.8	12,610	0.9
Private service–providing	40,420	40,240	0.4	39,350	2.7
Trade, transportation, and utilities	13,740	13,580	1.2	13,510	1.7
Retail trade	11,340	11,130	1.9	11,010	3.0
Information	690	690	0.0	690	0.0
Financial activities	1,910	1,870	2.1	1,810	5.5
Professional and business services	3,080	3,080	0.0	3,180	−3.1
Educational and health services	11,450	11,370	0.7	11,120	3.0
Leisure and hospitality	7,310	7,350	−0.5	6,740	8.5
Other services	2,240	2,300	−2.6	2,300	−2.6
Government	7,740	7,900	−2.0	7,800	−0.8
Unemployment					
Number unemployed	7,510	7,360	2.0	6,940	8.2
Unemployment rate (%)	8.8	8.6		8.4	
Local indexes					
UI initial claims	234	251	−6.8	274	−14.6
New dwelling units ^a	145	172	−15.7	124	16.9

NOTE: Categories may not sum to total because of rounding.

^a Seasonally adjusted annual rates.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw-Hill Information Systems Company; and on employment data from the Michigan Department of Energy, Labor, and Economic Growth.

Muskegon–Norton Shores MSA
Industry Employment Change by Place of Work, Second Quarter to Second Quarter
(not seasonally adjusted)

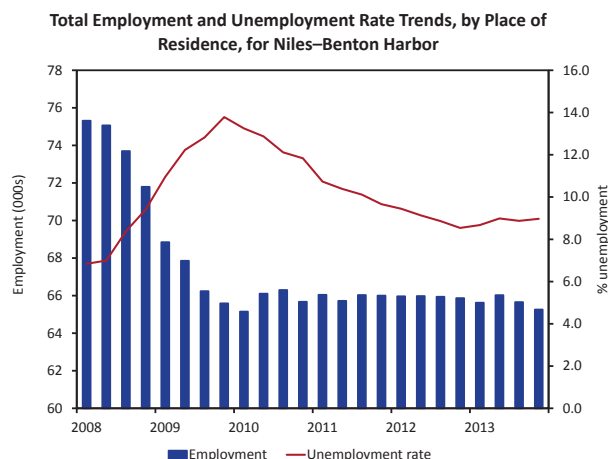
Industry	2013 Q2	2012 Q2	Percent change	Industry	2013 Q2	2012 Q2	Percent change
Goods-producing				Health care and social assistance	10,120	10,010	1.1
Primary metal manufacturing	3,760	3,890	−3.3	Ambulatory health care services	3,550	3,150	12.7
Fabricated metal products mfg.	2,730	2,670	2.2	Arts, entertainment, and recreation	1,160	1,140	1.8
Machinery manufacturing	1,320	1,270	3.9	Accommodation and food services	5,650	5,590	1.1
Transportation equipment mfg.	980	990	−1.0	Food services and drinking places	5,320	5,190	2.5
Private service–producing				Government			
Professional and technical services	1,000	940	6.4	Federal government	330	330	0.0
Administrative and support services	2,300	1,730	32.9	State government	890	890	0.0
Educational services	860	830	3.6	Local government	6,110	6,500	−6.0

SOURCE: Michigan Department of Energy, Labor, and Economic Growth, QCEW/ES-202 data.

NILES-BENTON HARBOR MSA

Job Growth to End the Year

Total employment in the Niles-Benton Harbor MSA grew by 0.5 percent during the fourth quarter, a gain of 320 jobs. Employment growth was led by private services, with goods-producing and government employment both falling. Unemployment also increased slightly, pushing the area's unemployment rate up a tenth of a point, to 9.0. The area's economic indicators were negative, suggesting possible job declines in the next quarter.



Employment by place of residency was down by nearly 400, and the area's number of unemployed increased by 60 persons, bringing the unemployment rate up to 9.0. Residential employment has fallen for the second quarter in a row and is nearly back down to the level it was in the first quarter of 2010, when the recession's free fall ended.

Goods-producing employment dipped by 1.0 percent, with losses in both construction and manufacturing. Construction dropped by 2.6 percent from the third quarter and 8.0 percent from the fourth quarter of 2012. It was not all bad news for construction, however, as three new building projects were announced. The first, a new subdivision project, is coming to Lincoln Township. The projected 40 units are part of the first new residential subdivision to be constructed in the township in five years. Second, over \$21 million worth of investments are planned for the rehabilitation of Berrien Homes apartments, creating 96 temporary jobs. And finally, the Jefferson School condominium development in St. Joseph appears to be on track, and construction could start as early as midyear.

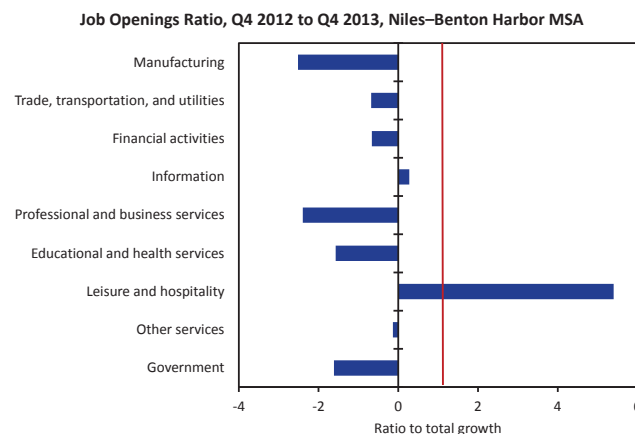
Manufacturing is down, both from the third quarter and from the previous year. While there were no additional jobs announced, Coloma Frozen Foods did announce a major plant expansion in order to add capacity and expand its customer base.

Private service-providing employment is the only sector that grew during the quarter, led by solid employment growth both in leisure and hospitality (a 6.0-percent increase) and in miscellaneous "other services" (a 4.2-percent increase). Employ-

ment in educational and health services fell from the third quarter by 1.3 percent and was also down from the fourth quarter of 2012, by 5.5 percent.

Government employment declined by 0.5 percent during the quarter, but that represented only a 40-job loss, and employment remains above fourth-quarter 2012 levels.

Overall, on-line job postings declined from Fourth Quarter 2012 to Fourth Quarter 2013. The decline in job postings was reported across all sectors, with only leisure and hospitality and information services experiencing an increase in the number of postings. Burning Glass Technologies' Labor/Insight market analysis tool provides new sources of data throughout the year, so it can appear that an area's job postings are increasing over time, even if the case is merely that the software is getting better at discovering postings that already existed. However, whenever overall postings decline, there is cause for concern. While not shown in the figure, there were over 11,000 job postings in Berrien County in 2012. In 2013 the total number dropped to just over 9,500.



SOURCE: Burning Glass International Inc. (2013).

The area's economic indicators were both negative, suggesting a slow start for 2014. Initial unemployment insurance filings were up slightly, although they are down from the same time period in 2012. While new dwelling units declined by over 20 percent from the third quarter, they are up by over 50 percent from the fourth quarter of 2012.

Niles–Benton Harbor MSA
(seasonally adjusted)

Measure	2013 Q4	2013 Q3	% change, Q3 to Q4	2012 Q4	% change, Q4 to Q4
Employment (by place of work)					
Total nonfarm employment	59,930	59,610	0.5	59,900	0.1
Goods-producing	13,340	13,470	−1.0	13,600	−1.9
Construction and mining	1,490	1,530	−2.6	1,620	−8.0
Manufacturing	11,850	11,940	−0.8	11,980	−1.1
Private service-providing	37,780	37,290	1.3	37,560	0.6
Trade, transportation, and utilities	10,810	10,730	0.7	10,480	3.1
Retail trade	6,960	6,860	1.5	6,660	4.5
Information	500	500	0.0	530	−5.7
Financial activities	2,300	2,280	0.9	2,300	0.0
Professional and business services	5,980	5,950	0.5	5,980	0.0
Educational and health services	9,010	9,130	−1.3	9,530	−5.5
Leisure and hospitality	6,700	6,320	6.0	6,360	5.3
Other services	2,480	2,380	4.2	2,380	4.2
Government	8,810	8,850	−0.5	8,740	0.8
Unemployment					
Number unemployed	6,450	6,390	0.9	6,140	5.0
Unemployment rate (%)	9.0	8.9		8.5	
Local indexes					
UI initial claims	137	135	1.5	164	−16.5
New dwelling units ^a	147	185	−20.5	97	51.5

NOTE: Categories may not sum to total because of rounding.

^a Seasonally adjusted annual rates.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw-Hill Information Systems Company; and on employment data from the Michigan Department of Energy, Labor, and Economic Growth.

Niles–Benton Harbor MSA
Industry Employment Change by Place of Work, Second Quarter to Second Quarter
(not seasonally adjusted)

Industry	2013 Q2	2012 Q2	Percent change	Industry	2013 Q2	2012 Q2	Percent change
Goods-producing				Health care and social assistance	7,410	7,510	−1.3
Primary metal manufacturing	1,060	1,030	2.9	Ambulatory health care services	2,380	2,310	3.0
Fabricated metal products mfg.	1,770	1,780	−0.6	Arts, entertainment, and recreation	710	730	−2.7
Machinery manufacturing	1,530	1,610	−5.0	Accommodation and food services	5,840	5,730	1.9
Transportation equipment mfg.	1,150	1,080	6.5	Food services and drinking places	5,170	5,030	2.8
Private service-providing				Government			
Professional and technical services	1,490	1,480	0.7	Federal government	300	320	−6.3
Administrative and support services	4,230	4,880	−13.3	State government	350	370	−5.4
Educational services	1,340	1,350	−0.7	Local government	7,910	7,880	0.4

SOURCE: Michigan Department of Energy, Labor, and Economic Growth, QCEW/ES-202 data.

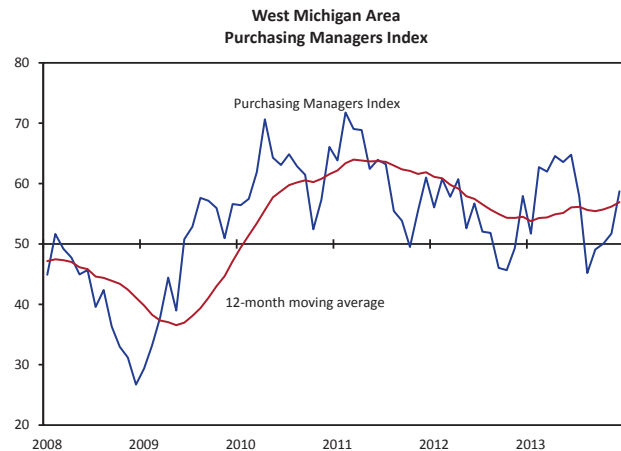
PURCHASING MANAGERS INDEX

“Modest” and “slow” growth characterized the latest monthly summaries for manufacturing in West Michigan compiled by Brian Long, director of supply chain management research at Grand Valley State University.

The overall index ended the year at 58.2, following two months at just above 50, which is the minimum we would expect for growth. The index had dipped below 50 earlier in the year, causing the 12-month moving average to trend downward, but the fourth quarter picked up again. New orders drove the increase in the index in December, but production and employment remained positive.

Auto manufacturing has been a large part of the economic recovery. While final assembly is not a major part of the local economy, there remain a lot of parts suppliers. Dr. Long suggests that as the pent-up demand for autos stabilizes at 15 million units per year, the rapid growth of manufacturing employment in west Michigan will stabilize as well. Office furniture is also a key part of the west Michigan economy, and while the industry has been growing, according to the purchasing managers survey, that growth has not been as rapid as in auto manufacturing.

Looking forward to 2014, Long expects another year of slow growth as the auto industry stabilizes, with both inflation and interest rates remaining low.



MAJOR ECONOMIC DEVELOPMENTS

Battle Creek MSA

Kellogg's global reorganization has, so far, not included any manufacturing job cuts in Calhoun County or major layoffs at the headquarters. However, the cereal giant announced that a new facility will be located in the Grand Rapids area, rather than in Battle Creek. (See the Grand Rapids–Wyoming MSA below.)

A new 93-room Courtyard by Marriott has been announced. It will be built near the FireKeepers Casino.

Grand Rapids–Wyoming MSA

Kellogg announced the location of the North American Global Business Services center, with employment expected to be between 300–600 people, including a mix of new hires and transfers from Battle Creek.

Manufacturing job gains in the quarter include Ventra Plastics (150 jobs), Thierica (90 jobs), Compositex (50 jobs), and Cargill Kitchen Solutions (24 jobs).

However, Wolverine Worldwide cut 90 jobs and ConAgra Foods eliminated about 260 jobs.

Holland–Grand Haven MSA

No business news to report.

Kalamazoo–Portage MSA

Mann+Hummel and Marrone Bio Innovations announced expansions that will add 80 jobs and 10–50 jobs, respectively.

Pharmacology company Charles River Laboratories in Portage is closing, laying off 84 workers.

Muskegon–Norton Shores MSA

ADAC Automotive announced 90 new jobs.

Lauren Plastics announced consolidation and expansion moves that will add 71 new jobs.

Bold Furniture is expanding and adding 25 additional workers.

Niles–Benton Harbor MSA

Several residential construction projects are underway in the Niles–Benton Harbor area: in Benton Harbor, a \$21 million rehabilitation of Berrien Homes apartments; in Lincoln Township, a 40-unit subdivision; and in St. Joseph, the Jefferson School condominium development.

Coloma Frozen Foods is expanding; however, no additional jobs have been announced.

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